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September 20, 2005

Mr. Ron Jones, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Dear Director Miller:

Pursuant to your request, King's Chapel Capacity, L.L.C. ("KCC") is complying by providing the requested comments and suggestions pertaining to the TRA's Rulemaking for the Regulation of Wastewater Companies (Docket 05-00105). In addition to the draft rules already proposed, KCC would add language to address the following issues:

1. Recapture of any unserved service territory previously granted by the TRA.

KCC believes that Certificates of Convenience & Necessity ("CCNs") for decentralized wastewater systems should only be granted for specific service territories where the wastewater utility has provided a comprehensive service plan to serve the entire area that includes investing its own capital in wastewater infrastructure and not solely relying on contribution from prospective future developers. KCC feels that a large service territory CCN grant only serves to inhibit future competition and development by allowing the existing utility to use its monopoly status in order to mandate economic rents in order to first provide service to future developments without investing its own capital.

2. Prohibition of unregulated affiliate activity within the regulated service territory.

KCC believes that wastewater utilities should be organized and structured in a manner that prohibits the regulated utility from subsidizing the activities of any unregulated affiliate of the utility by its status as a utility. These subsidies have and can take on a number of forms such as consulting firms, construction companies, engineers or engineering firms, distributing companies for wastewater parts and supplies, manufacturing companies of parts and software technology, soils scientists, patented wastewater technology, and operating companies contracted to utilities to operate, maintain, and repair wastewater systems. A standard utility business practice in Tennessee now requires developers to pay for parts, design, construction, inspections, technology, so on and so forth by the unregulated affiliate before the regulated utility will provide service but then only

after all payments and improvements are gifted to the regulated utility. KCC feels that such activity amounts to an abuse of monopoly power by the utility, which includes but is not limited to condemnation of private property without payment compensation or due process and should be expressly prohibited. This practice is even more egregious when one understands that these products and services are paid for at above market rates and then gifted back to an affiliate of the company that overcharged in the first place.

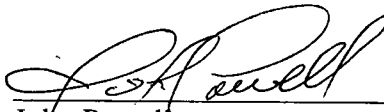
3. Codes of Professional Conduct

In the event the TRA does not have the explicit authority to prohibit a utility from establishing an affiliate to provide related unregulated wastewater services, KCC believes that these regulated utilities should be strictly liable for the conduct of their unregulated affiliates. Specifically, these professional codes of conduct should be similar in form to that already adopted by the TRA for gas utilities and additionally define wastewater affiliates and how wastewater utilities conduct business between themselves and their unregulated affiliate, and the public.

KCC feels that one such example would be for those utilities who own affiliates to require the utility to formally disclose, by document, a "TRA Utility/Developer Checklist" in which developers sign and utilities submit to the TRA. This disclosure statement will address TRA affiliate concerns and inform the developer that they are free to choose their own wastewater utility, free to choose which approved TDEC technology to use, free to choose the contractor who builds their wastewater system and free to purchase parts and supplies from any competitive supplier. For those utilities that choose to have affiliates, such a disclosure must include names and phone numbers of other recognized CCN holders approved by the TRA as well as competitors from professionals and service companies through construction companies and parts companies. This would help ensure that a "level playing field" exists for the wastewater industry as a whole. Additionally, this disclosure statement would communicate to the developer and the public that the TRA does not mandate, regulate or require the use of any utility in unserved areas or of the affiliates that a utility might own.

Thank you for your time and consideration to these comments. If I can be of any further assistance in this matter, please do not hesitate to let me know.

Sincerely,



John Powell